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CANADA STUDENT LOANS PROGRAM

ANNUAL REPORT

2010–2011

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Message from the Minister

Our Government recognizes that post-secondary education and training is a high-value investment in Canada's future which contributes to our global labour market competitiveness and economic prosperity.

As Minister of Human Resources and Skills Development, I am pleased to present the 2010-2011 Canada Student Loans Program Annual Report. Since 2009, our Government has implemented several improvements to student financial assistance, and continues to help students achieve their educational and future employment goals.

In 2010-2011, the Canada Student Loans Program (CSLP) served more students than ever before in its history. As a result, over 500,000 students received support to pursue their post-secondary education.

In addition, more Canadians than ever benefitted from Canada Student Grants. These grants, which are non-repayable, provide targeted support to low- and middle-income students, students with disabilities and students with dependants. In 2010-2011, over 320,000 students received grants; an increase of 30,000 students from the previous year.

The CSLP also helps ease the loan repayment process for borrowers having difficulty making their payments. The Repayment Assistance Plan (RAP) allows borrowers to make affordable payments based on their family income and family size. In 2010-2011, nearly 165,000 borrowers benefitted from RAP.

In 2012, our Government put new measures in place to help students earn while they learn in order to manage the cost of post-secondary education. In certain jurisdictions, full-time students can double their weekly income, from $50 to $100, without affecting how much they receive in loans. In addition, part-time students are no longer charged interest on their loans while they study, lessening the amount that they'll owe after graduation. Our Government also redefined income eligibility thresholds, allowing more part-time Canadian students to qualify for loans.

I am proud to reiterate our Government's commitment to creating more education opportunities for Canadians that will lead to better jobs and a sustainable and competitive economy for the future.

Diane Finley

The Honourable Diane Finley, P.C., M.P.
Minister of Human Resources and Skills Development

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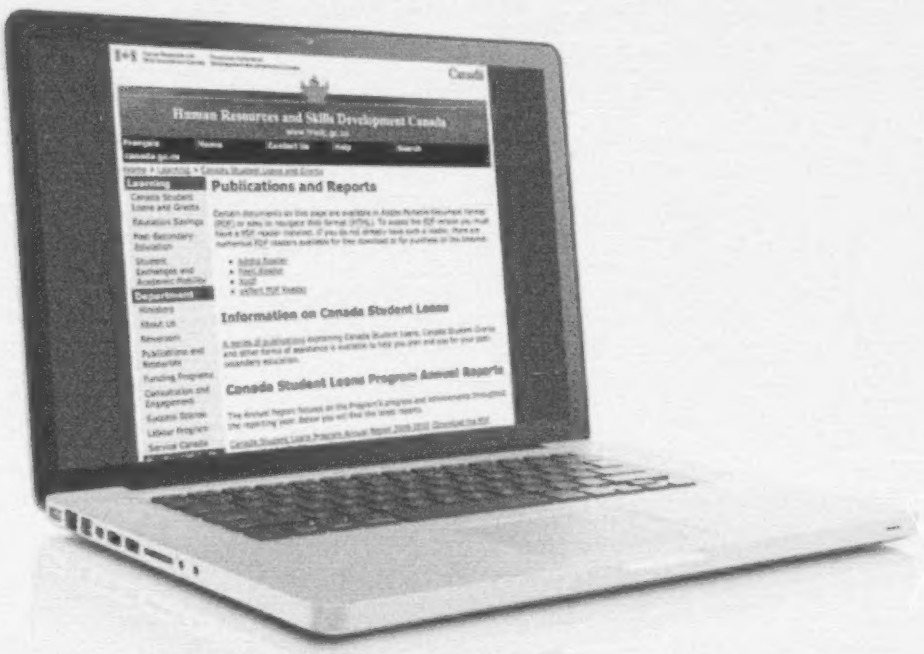
Introduction

This annual report informs Parliament and Canadians of the student financial assistance provided through the Canada Student Loans Program (CSLP) to Canadians accessing post-secondary education in the 2010–2011 loan year (August 1, 2010, to July 31, 2011), and focuses on the achievements that occurred in 2010–2011.

In addition to this report, an online statistical review of the CSLP for the 2010-2011 loan year is also available. This online source provides a comprehensive view of the CSLP and contains frequently consulted data on federal student financial assistance, including year-over-year comparisons where applicable.

The statistical review can be found on the HRSDC Website at the following link:
http://www.hrsdc.gc.ca/eng/learning/canada_student_loan/Publications/index.shtml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Vision and Mission

Human Resources and Skills Development Canada (HRSDC)

HRSDC's mission is to build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life.

To do this, we:

- develop policies that make Canada a society in which all can use their talents, skills and resources to participate in learning, work and their community;
- create programs and support initiatives that help Canadians move through life's transitions—from families with children to seniors, from school to work, from one job to another, from unemployment to employment, from the workforce to retirement;
- create better outcomes for Canadians through service excellence with Service Canada and other partners; and
- engage our employees, establish a healthy work environment, nurture a culture of teamwork, and build our leadership capacity.

We are committed to excellence in what we do:

- For People – as we serve Canadians with a focus on accountability and results.
- Through Partnerships – as we work with Canadians to find innovative ways to develop and deliver the policies and programs they need.
- Through Knowledge – generating, contributing, and sharing knowledge effectively to support and inform decision-making.

The Canada Student Loans Program (CSLP)

The Canada Student Loans Program (CSLP) promotes accessibility to post-secondary education for students with a demonstrated financial need by lowering financial barriers through the provision of loans and grants, and ensures Canadians have an opportunity to develop the knowledge and skills to participate in the economy and society.

Program Highlights

In recent years, the Government of Canada has taken action to increase the financial resources available to Canadian students and their families, including important program changes allowing more Canadians to benefit from student financial assistance.

2010-2011 marked the second year of implementation of a number of Budget 2008 measures under the Canada Student Loans Program. These include Canada Student Grants, Repayment Assistance Plan, and enhanced support for students with permanent disabilities:

- Canada Student Grants provide more effective support to more students for more years of study, assisting Canadian families with the cost of higher education and making education more accessible to lower- and middle-income families by offering grants based on family and student income.

- The Repayment Assistance Plan (RAP) is available to borrowers who are having difficulty repaying their Canada Student Loans. This plan makes it easier for student borrowers to manage their debt by paying back what they can reasonably afford.

- Enhanced support for students with permanent disabilities attending universities, colleges, trade schools and career colleges include a number of measures to address their particular needs with respect to repayment, including:

  - recognition of previous assessments of permanent disability in determining eligibility for debt management measures so that students do not have to repeatedly submit documentation;

  - access to compassionate cancellation of loans due to severe permanent disability during repayment, no matter when their loans were received, and no matter when the disability occurred; and

  - provision of a new Repayment Assistance Plan for borrowers with a permanent disability who do not qualify for immediate loan forgiveness.

Further Enhancements

In 2010-2011, the Government of Canada continued to respond to emerging needs and priorities by introducing a number of important new student financial assistance measures. Budget 2011 included the following initiatives:

For Full-Time Students:

- Doubling the in-study income exemption from $50 per week to $100 per week. This will allow full-time students who work while in school to earn additional income without impacting the amount of Canada Student Loans they may be eligible to receive.

- Forgiving a portion of Canada Student Loans for new family physicians, nurse practitioners and nurses who work in underserved rural or remote communities including communities that provide health services to First Nations and Inuit populations.

For Part-Time Students:

- Increasing the income thresholds used to assess eligibility for part-time Canada Student Loans and Grants:
  - Aligning the income eligibility thresholds for part-time Canada Student Loans with the threshold used in calculating eligibility for full-time students for the middle-income grant.
  - Aligning the income eligibility thresholds for part-time Canada Student Grants with the threshold used in calculating eligibility for full-time students for the low-income grant.

- Reducing the in-study interest rate for part-time students from prime plus 2.5 per cent to zero, bringing them in line with full-time students.

It is expected that these enhanced measures, provided in Budget 2011, will be fully implemented in all participating jurisdictions before the end of the 2012-13 academic year.

Canada Student Grants and Canada Student Loans at a Glance

Non-Repayable Grants

- In 2010-2011, over 320,000 students received financial assistance in the form of non-repayable grants, for a total value of $630 million.

- This represents an increase of approximately 30,000 students as compared to 2009-2010.

Student Loans

- In 2010-2011, the CSLP provided approximately 425,000 full-time students from the ten participating jurisdictions with $2.2 billion in loans[1].

[1] Participating jurisdictions refers to all provinces and territories except for Quebec, the Northwest Territories and Nunavut.

- Approximately 4,000 loans worth $6.9 million were issued to part-time students in 2010-2011. As a result of new measures supporting part-time studies implemented in August 2009, the number of these loans continued to increase at a significant rate (by nearly 50% from 2009-2010).

Repayment Assistance Measures

- While the vast majority of borrowers repay their loans in full and on time, some require assistance. Under the new Repayment Assistance Plan (RAP), the CSLP supported nearly 165,000 borrowers who experienced difficulty repaying their loans in 2010-2011.

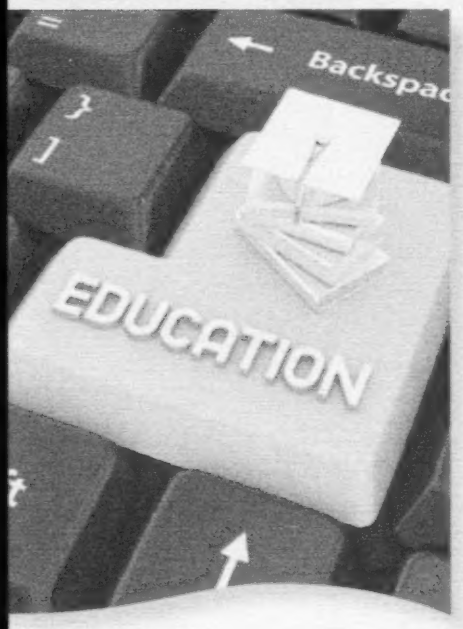
Support for Students with Permanent Disabilities

- In 2010-2011, the CSLP disbursed nearly 30,000 Canada Student Grants for Students with Permanent Disabilities (including Grant for Services and Equipment for Students with Permanent Disabilities) and approved 7,000 applications under RAP for Students with Permanent Disabilities.

- Approximately 300 borrowers had $3.9 million worth of loans cancelled under the Severe Permanent Disability Benefit.

Setting the Context

Through the Canada Student Loans Program, HRSDC helps Canadians attend college, university and trade schools by lowering financial barriers through the provision of financial assistance in the form of loans and grants.



Approximately 34% of all full-time post-secondary students in participating jurisdictions received a Canada Student Loan in 2010-2011 and just over 50% of these students said they would have abandoned or delayed their studies without the financial assistance offered by the CSLP.[2]

What we offer

The CSLP offers a suite of student financial assistance programs and services, including Canada Student Loans for full-time and part-time students, non-repayable grants, and repayment assistance measures for borrowers who experience difficulty repaying their loans.

In keeping with the goal of promoting access to post-secondary education, the Government of Canada pays the interest on student loans for full-time and part-time study while borrowers are in school, and loan repayment is not required until six months after studies are complete.

Canada Student Grants offer non-repayable funding to eligible students, including those from low and middle-income families, with permanent disabilities and/or with dependants.

In recent years the Government of Canada has improved the repayment assistance it offers to Canada Student Loan borrowers experiencing difficulty repaying their loans. The Repayment Assistance Plan was implemented in August 2009, streamlining and enhancing the support that had been available under previous CSLP debt management programs (Interest Relief and Debt Reduction in Repayment).

Delivering our programs to Canadians

The Government of Canada works in partnership with participating provincial and territorial governments[3] to deliver student financial assistance to Canadian students. Applicants in participating jurisdictions are assessed for federal and provincial loans and grants through a single application process. For students receiving funding for full-time study, roughly 60% of their assessed financial need is funded by the Government of Canada (up to a maximum of $210 per week in loans).

To further simplify the loan process for students and to increase efficiency, the CSLP has been working with provinces to integrate the CSLP and provincial loan programs to provide a one-student, one-loan

[1] Phoenix Strategic Perspectives Inc, *Client Satisfaction Survey, March 2011*

[2] Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

approach. This provides students with a single, seamless loan process throughout all phases of the loan life cycle from application to repayment. Even though they are receiving funding from both federal and provincial programs, borrowers are only required to maintain one account given that the federal and provincial portions of their loans are fully integrated.

In 2010-2011, the province of British Columbia signed an integration agreement, increasing the number of borrowers (approximately 60,000 in the province each year) who benefit from the one-student, one-loan approach. The Government of Canada now has integration agreements in place with five provinces: British Columbia, Saskatchewan, Ontario, New Brunswick, and Newfoundland and Labrador. This means that more than 80% of Canada Student Loan borrowers can manage and make payments on their federal and provincial loans at the same time, to the same place.

The CSLP contracts a private-sector Service Provider to manage borrower accounts, which operates under the name "National Student Loans Service Centre" or NSLSC.[4] The NSLSC is the main point of contact for borrowers in managing their loans and it serves them throughout each phase of the loan cycle, from loan disbursement to repayment and repayment assistance. Borrowers in integrated provinces deal with the NSLSC as a single point of contact for their federal and provincial student loans.[5]

Creating awareness of post-secondary education options

Through various outreach initiatives, the CSLP informs students and families of the costs and benefits associated with post-secondary education as well as financing options available to students.

The CSLP also works to improve awareness of the Government's programs for students who have traditionally faced barriers in accessing post-secondary education.

The CSLP's main information dissemination tool is the CanLearn.ca website, which is the Government of Canada's online source for information to help Canadians save, plan and pay for their post-secondary education. It is a comprehensive information portal with tools and resources ranging from financial assistance calculators to databases on academic programs and scholarships. CanLearn.ca links to the NSLSC website, which provides borrowers with a secure login to view and monitor details of their loans. In 2010-2011, 2,833,579 users visited CanLearn.ca for information on post-secondary education and learning resources in Canada.

The CSLP continued with outreach efforts across Canada aimed at raising awareness about various program initiatives. This included presentations and training, exhibit activities, campaigns, online resources, and the development of toolkits, publications and reference material. Presentation materials focused on key elements of the borrowing lifecycle:

- Learning about Grants, Bursaries and Scholarships;
- Learning about Student Loans;
- Repaying your Student Loans; and
- Problems Repaying your Student Loans.

In 2010-2011, the CSLP collaborated with the provincial governments of Manitoba and Nova Scotia to create the "Why Not You?" pilot awareness campaign designed to reach out to low-income Canadians, particularly students in grades 8-12, first generation students, rural Canadians and students with dependants.

[4] In 2010-2011, the service provider was D+ H (formerly Davis + Henderson).

[5] For loans issued under the risk-shared and guaranteed loan regimes, a borrower's financial institution acts as their point of contact. Please refer to Glossary for details on the previous loan regimes.

Program Results

The CSLP provides assistance to students throughout the entire life cycle of their loans and offers several repayment options once they have completed their studies. In 2010-2011, approximately 540,000 students received a full-time loan, grant or interest subsidy from the Government of Canada through the CSLP.

This chapter reports the amount of financial assistance provided to students in the form of grants and loans, as well as who received these funds and where they attended school for 2010-2011. In addition, this chapter provides an overview of those who began repaying their loans in 2010-2011, including information on the use of repayment assistance measures by those borrowers having difficulty repaying their loans.

Canada Student Grants

Canada Student Grants are designed so that students know up front how much money they will receive and when—a significant departure from the previous, less predictable granting system. Grants for low- and middle-income families are no longer based on the size of a student's loan, but on family income, which better reflects the particular financial circumstances facing the borrower. Students' eligibility for a Canada Student Grant is assessed at the time the student applies for provincial/territorial assistance.

Students from low- and middle-income families qualify based on a set of defined income levels (the low- and middle-income thresholds are adjusted to reflect the cost of living in each province and for different family sizes). The program provides $250 each month in grants for students from low-income families and $100 each month for students from middle-income families. The program also provides full-time low-income students with dependants an additional grant that provides more up-front money ($200 per month for each dependant under 12, or a dependant with a permanent disability who is 12 or older).

Canada Student Grants are also available for students with permanent disabilities. Students with a permanent disability can receive a grant of $2,000 for the school year and those who require special services and/or equipment can receive up to $8,000 in additional funding. Students who wish to apply for the Grant for Students with Permanent Disabilities or the Grant for Services and Equipment for Students with Permanent Disabilities provide additional documentation when they apply for a Canada Student Loan in order to be assessed for these grants.

In 2010-2011, 380,221 grants were provided to 320,154 students, which is an increase of approximately 8% as compared to the number of students who received grants in 2009-2010.

The following table summarizes the distribution of each type of grant provided in 2010-2011[†]. It should be noted that a student may receive more than one grant.

Type of Grants*	2009-2010		2010-2011	
	Number of Grants	Value of Grants ($million)	Number of Grants	Value of Grants ($million)
Students from low-income families	190,083	$353.4	206,001	$385.9
Students from middle-income families	83,341	$60.9	87,604	$64.7
Students with dependants	28,212	$66.3	33,733	$79.9
Students with permanent disabilities	18,185	$33.8	20,613	$38.6
Students with permanent disabilities – equipment and services	8,099	$22.1	8,876	$23.7
Part time students	4,147	$4.4	6,186	$6.7
Part time students with dependants	114	$0.1	162	$0.2
Transition Grants**	35,089	$52.1	15,884	$24.0
Millennium Excellence Awards***	39	$0.2	1,162	$6.5
Total Number of Grants****	367,309	$593.4	380,221	$630.0
Total Number of Grant Recipients****	295,153	$593.4	320,154	$630.0

† Totals reflect data values which are rounded.

* Refer to Glossary for a description of each type of grant.

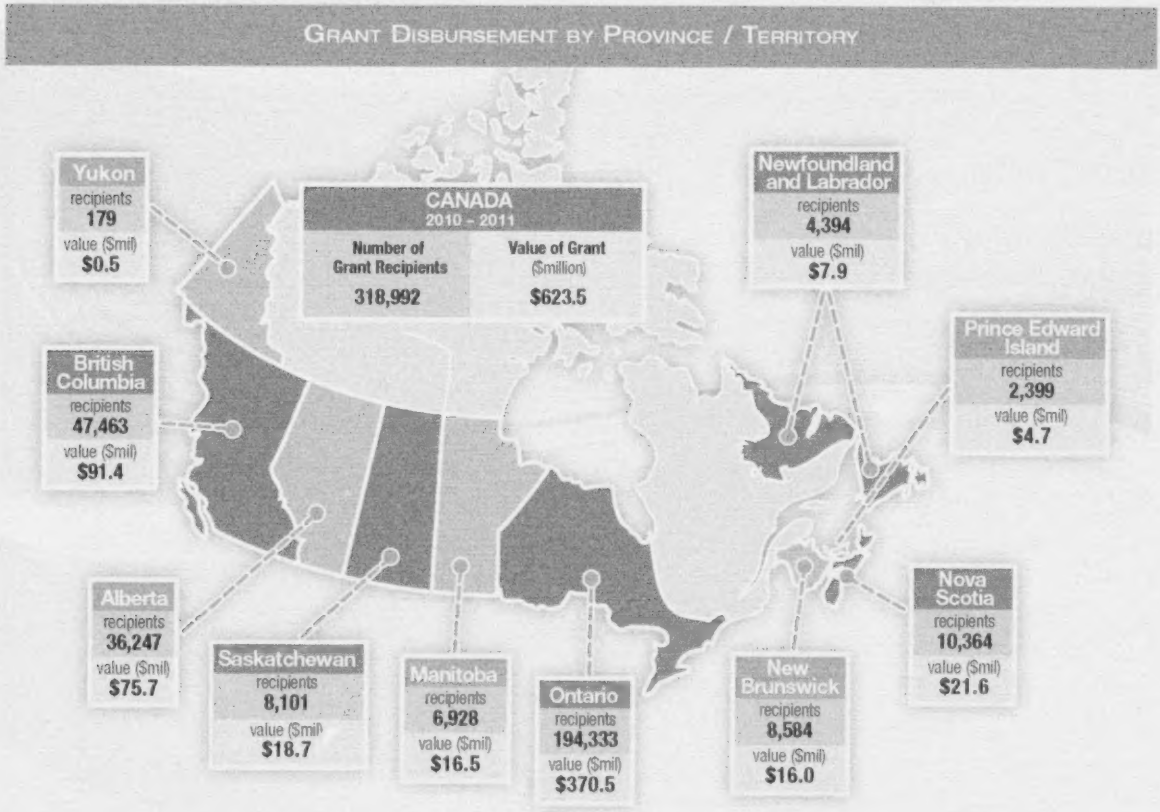
** Preliminary numbers for 2010-2011.
Transition Grants are provided to students who received funding from the Canada Millennium Scholarship Foundation (CMSF). The decreased level of support in 2010-11 is owing to the fact that these grants are gradually being phased-out as students complete their study programs. See Appendix A for further details on transitional support for students in view of the wind-down of CMSF.

*** As the CMSF distributed the majority of the 2009-2010 Millennium Excellence Awards prior to its sunset, the small number of grants (39) cited here are those which the CSLP provided. 2010-2011 was the first year the CSLP delivered the Excellence Awards to a full cohort. See Appendix A for further details on transitional support for students in view of the wind-down of CMSF.

**** Total number of grants is greater than the total number of grant recipients because some students received more than one type of grant.

Grant Disbursement by Province / Territory

The table below illustrates the distribution of Canada Student Grants by province and territory for 2010-2011.



Canada Student Loans Program

Canada Student Loans are available for eligible Canadian students enrolled in a degree, diploma or certificate program at any designated post-secondary educational institution. To be eligible, a student must reside in a province or territory that issues Canada Student Loans.

Support for Full-Time Studies

Canada Student Loan recipients are provided with interest subsidies, whereby the Government of Canada pays the interest on their loans while they are enrolled in school.

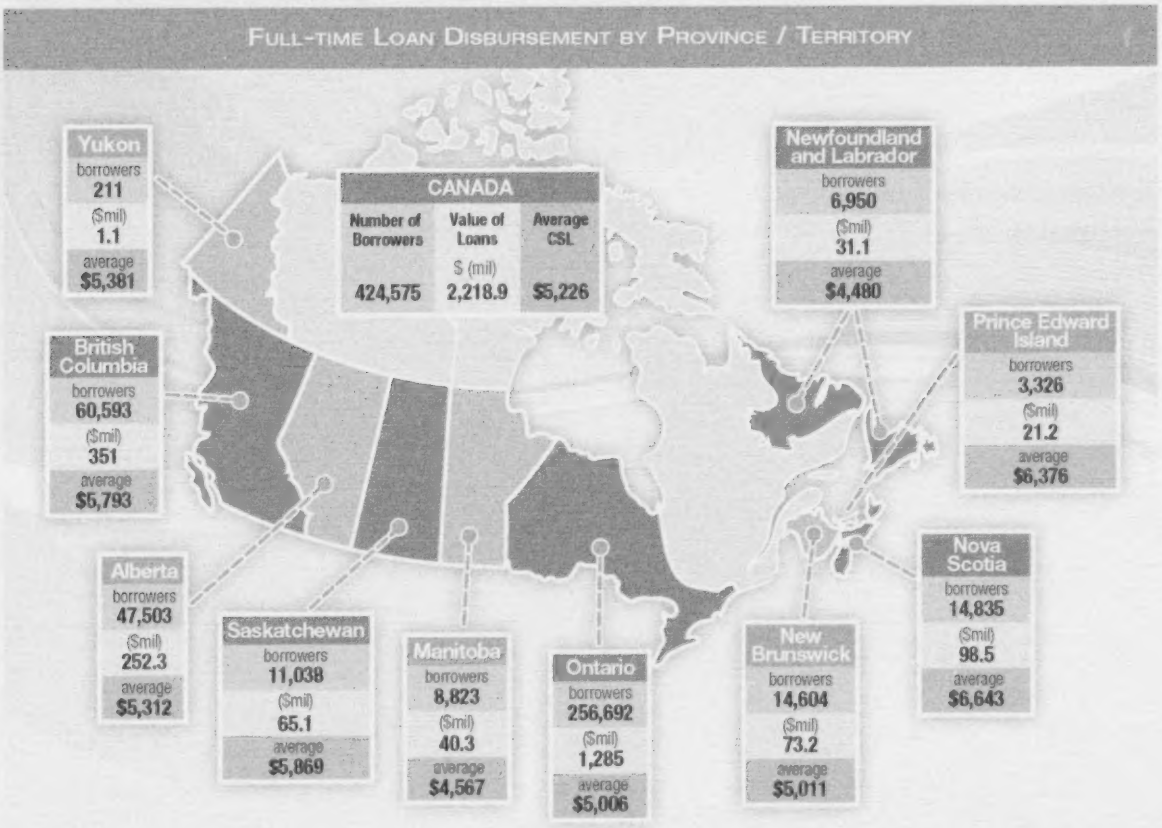
In 2010–2011, the CSLP provided $2.2 billion in loans for full-time studies to approximately 425,000 students. This is an increase of approximately 6% in the number of full-time students who received Canada Student Loans in 2009-10.

In 2010–2011, over half of full-time Canada Student Loans were disbursed to students from Ontario (60%), while 14% went to students from British Columbia, the next largest participating province. The increase in number of Canada Student Loan recipients was highest in Saskatchewan and Alberta which increased by 12% and 11% respectively.

The average Canada Student Loan of $5,226 per recipient remained virtually unchanged from 2009-2010 ($5,186). This figure does not include the amount of provincial or territorial loans that a student may have also received. In 2010–2011, students from Nova Scotia had the highest average Canada Student Loan amount ($6,643), while those in Manitoba and Newfoundland and Labrador borrowed, on average, the least ($4,567 and $4,480, respectively).

Full-Time Loan Disbursement by Province / Territory

The following table provides a provincial/territorial breakdown of Canada Student Loans for full-time students in 2010-11:



Where do borrowers go to school?

While most students remain in their home province or territory, some choose to study elsewhere.

In 2010-2011, approximately 10% of students receiving Canada Student Loans chose to study outside their home province or territory or abroad, in keeping with the trend of the previous years. Student borrowers from large provinces were less likely to study outside their home province; for example, only 5.5% of Canada Student Loan recipients from Ontario studied outside their province.

Conversely, students from smaller jurisdictions are more likely to use their Canada Student Loan at an institution outside their home province: 84% of student borrowers from Yukon and 39% of student borrowers from Prince Edward Island studied outside their home jurisdictions in 2010-2011.

Regionally, borrowers in Atlantic Canada who left their home province to study tended to remain within Atlantic Canada, while those in Western Canada tended to either stay in their region or attend post-secondary institutions in Ontario.

What types of institutions do borrowers attend?

In 2010-2011, 60% of full-time student borrowers attended university, 30% attended college and 10% attended a private institution. These numbers remained virtually unchanged from 2009-2010. The size of the average loan disbursed in 2010-2011 continued to be highest among borrowers attending a private institution ($7,398) and lowest among college attendees ($4,471).

What study level are borrowers enrolled in?

Most full-time student borrowers (59%) were enrolled in undergraduate degree programs, while 37% were enrolled in non-degree-granting programs at private institutions, colleges or universities and 4% were masters or doctoral students. These proportions are similar to those from 2009-2010.

Support for Part-Time Studies

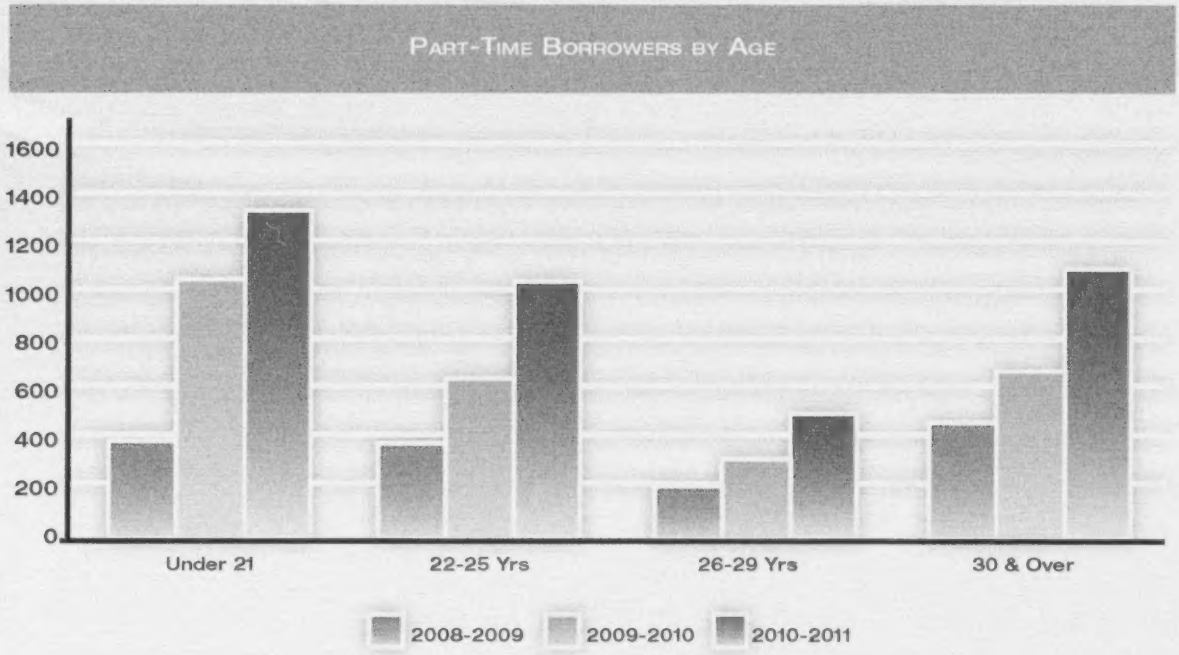
Recent program enhancements have broadened access to financial assistance for those studying on a part-time basis, including adults who are retraining to upgrade their skills and better position themselves for the job market. Specifically, the enhancements are deferred payment of accruing interest on loans while in-study, and deferred payment on loan principal and accumulated interest until six months after studies are completed. Part-time students can borrow up to a maximum of $10,000, up from the previous maximum of $4,000.

In 2010-2011, $6.9 million in Canada Student Loans for part-time study was provided to nearly 4,000 students. This represents a significant 47% increase from the number of part-time students (approximately 2,700) who received support in 2009-2010. The number of part-time student loans has more than tripled since the 2008-2009 loan year.

The following table illustrates the increased support that has been provided to part-time students over the past three years:

Canada Student Loans for Part-Time Study		
Loan Year	Number of Borrowers	Value of Loans ($million)
2008-2009	1,425	$2.8
2009-2010	2,698	$4.6
2010-2011	3,974	$6.9

As demonstrated in the chart below, this increase is reflected in all age categories of part-time borrowers:



Additionally, there has been a five-fold increase in the number of married students receiving support for part-time study under the CSLP (132 in 2008-2009 vs. 632 in 2010-2011).

While it remains that the vast majority of CSLP borrowers are full-time students, the Government of Canada recognizes the importance of addressing the different needs of all post-secondary students. The significant increased uptake in financial assistance for part-time students validates the Government's commitment in this area, and it is expected that the additional measures introduced in Budget 2011 will further broaden access to financial support required by the part-time post-secondary student population.

Loan Repayment and Repayment Assistance

Canada Student Loans, like any loan, must be repaid by the borrower. However, unlike traditional bank loans, interest only begins to accumulate on a Canada Student Loan after completion of studies, and no payments are required in the first six months. These features are designed to make post-secondary education as affordable as possible for students and their families.

Loans are typically scheduled to be repaid through monthly payments over a 114 month (9.5 year) period, but borrowers may choose to pay more quickly or to extend the payment period, up to a maximum of 14.5 years.

This section offers a profile of Canada Student Loan borrowers in repayment in 2010-2011 and discusses the default rate. It also outlines the various measures the CSLP employs to assist students in repaying their Canada Student Loans, and how borrowers benefited from these measures.

2010-2011 Canada Student Loan balance profile

Loan balance refers to the amount borrowers owe at the completion of their studies. It is important to note that the loan balances described here reflect only the federal portion of a student loan. Borrowers may also have student loans from a province or territory.

- Students who completed their studies in 2010-2011 had an average loan balance of $13,013[6]. This figure is slightly decreased from 2009-10 and has remained relatively stable over the past number of years.

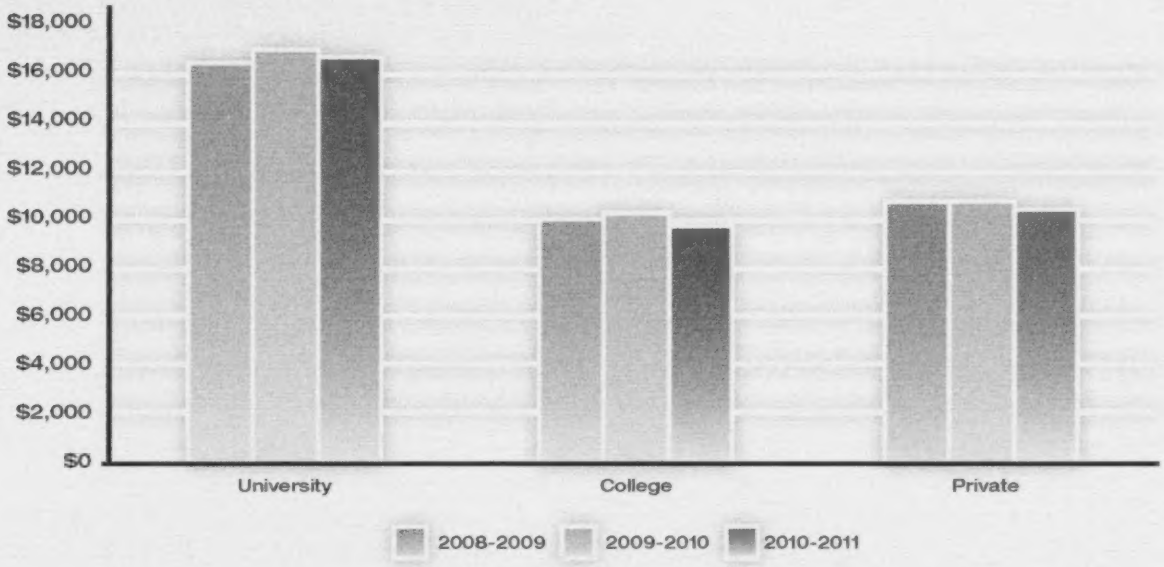
- More than half (51%) of these borrowers held a Canada Student Loan balance lower than $10,000; 28% had a balance between $10,000 and $20,000, while 21% owed over $20,000.

The loan balance accrued by a student varies according to a number of factors related to the student's particular situation, including choice of institution and program of study.

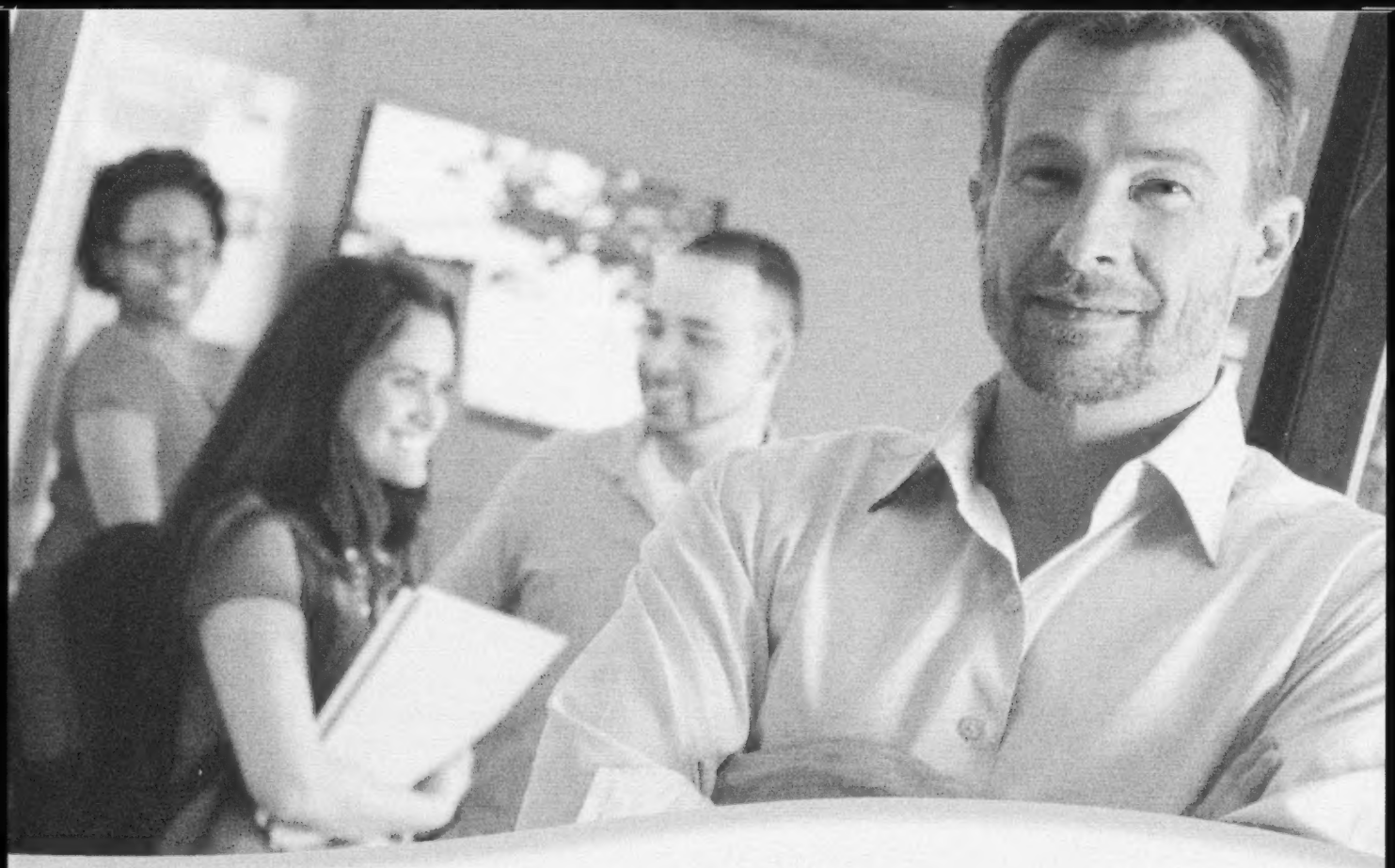
[6] This average debt does not include the amount of any provincial or territorial loan that a student may have received.

Choice of post-secondary educational institution type plays a large role in influencing students' loan balances. In 2010-2011, the average loan balance of university students ($16,634) was higher than that of college students ($9,601) and of those attending private institutions ($10,467). This difference is partly because university programs tend to take longer to complete than college or private educational institution programs. Although borrowers attending private educational institutions on average receive more in loans per year ($7,398 in 2010-2011) than their university and college counterparts ($5,238 and $4,471 respectively), they typically accumulate less overall debt because they are in school for shorter periods of time.

The following chart illustrates a comparative breakdown in CSL indebtedness for borrowers attending university, college and private schools over the past three years:



- Canada Student Loan balances also differ by province or territory of residence, ranging from the highest of $17,062 and $16,748 for students from Prince Edward Island and Nova Scotia respectively, to the lowest of $10,208 for Manitoba students.
- For students pursuing their post-secondary education outside their province, higher travel and living costs would be reflected in higher borrowing amounts.



Default rate declined in 2009-2010[7]

Human Resources and Skills Development Canada continues to work to reduce the default rate on Canada Student Loans. The majority of defaults occur within three years of entering repayment. The CSLP uses the three-year cohort default rate as a main indicator of the performance of the Canada Student Loan portfolio. This rate compares the value of the loans that enter repayment in a given loan year (cohort) and default within three years to the value of all the loans that entered repayment in that cohort.

Between 2003-2004 and 2009-2010, the default rate fell from 28% to 13.8% (preliminary). This decline was observed across all institution types, and was most significant for students at colleges/institutes. Though the vast majority of students repay their loans fully and on time, the CSLP has several repayment assistance measures available for those who experience difficulty in repaying their loans.

Canada Student Loan Three-Year Cohort Default Rates						
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10[P]
28.0%	19.4%	16.6%	15.8%	14.7%	14.3%	13.8%

A loan is deemed in default when it is in arrears for greater than 270 days under the direct-lending regime (roughly equivalent to missing nine monthly payments).

The three-year default rate is defined as the ratio of cumulative amount of all loans deemed in default for the period covering the year of consolidation and the subsequent two years, to the total amount of all loans consolidated in that year.

P: Preliminary

[7] 2010-2011 default rate will be available in the 2011-2012 Annual Report.

Repayment Assistance

As of August 2009, the Repayment Assistance Plan (RAP) has been available to borrowers who are having difficulty repaying their Canada Student Loans. This plan makes it easier for student borrowers to manage their debt by paying back what they can reasonably afford.

Student loan borrowers experiencing difficulty in repayment may apply for assistance under RAP, which is designed to help them repay their loan within 15 years. Eligibility is based on the borrower's family income, family size and outstanding loan balance. Borrowers are approved for a period of six months and have the option to re-apply at the end of each six-month period. RAP consists of two stages:

During Stage 1:

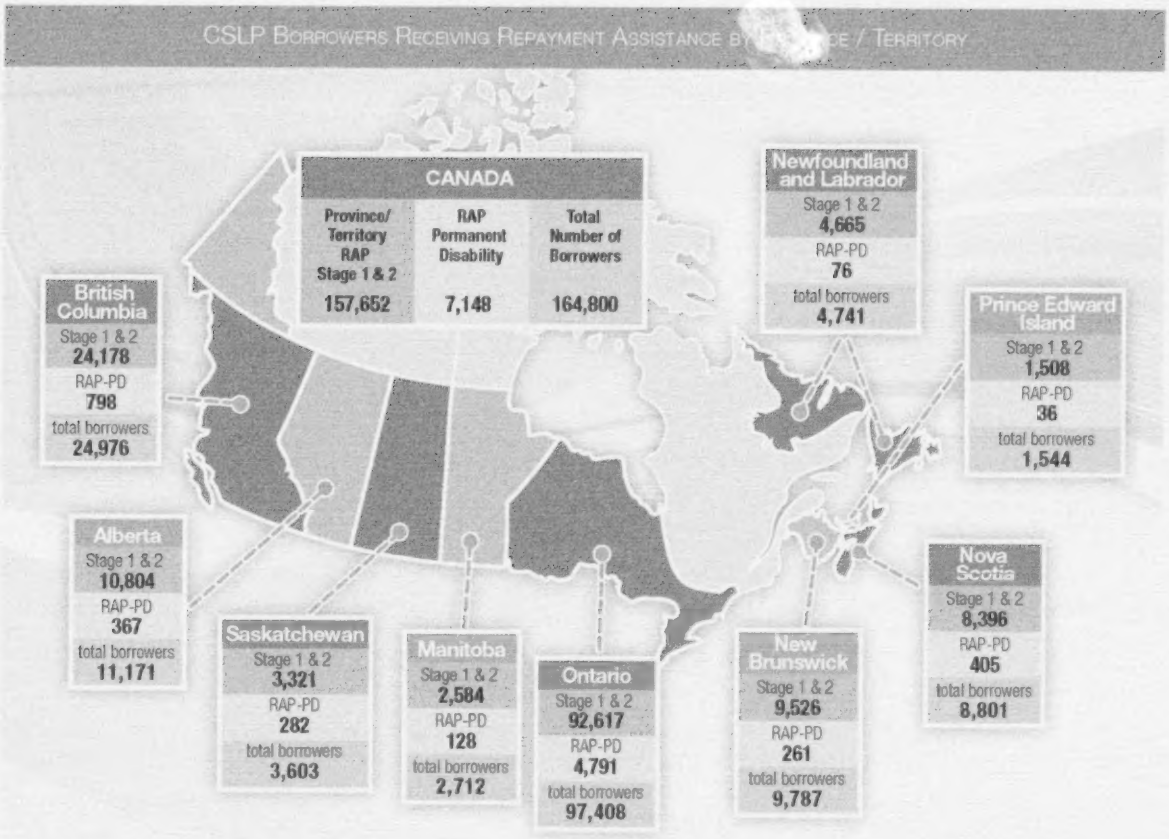
- Student loan borrowers who qualify will make affordable payments (which may be zero payment for some borrowers) toward their loan principal. Paying the loan principal first reduces the total debt.
- The Government of Canada will cover the interest amount owing that the borrower's calculated affordable payment does not cover.
- Borrowers will not make payments exceeding 20% of their gross family income toward loans covered by RAP.

If a borrower requires further assistance after having received 60 months of RAP assistance during Stage 1, or has been in repayment for 10 years, the borrower may qualify for Stage 2 of RAP.

During Stage 2:

- The Government of Canada will continue to cover interest payments and will begin to cover the principal of the loan not met by the borrower's affordable payment.
- The balance of the loan is to be gradually paid off so that no student loan debt remains after 15 years (or 10 years for persons with permanent disabilities).

As indicated in the following table, in 2010-2011 RAP supported nearly 165,000 borrowers who experienced difficulty repaying their loans. This is a similar level to the number who received support under RAP in 2009-10.



Note: Data for provinces/territories with values of 100 or less has been suppressed.

Nearly 90% of these borrowers (147,077) who benefited from RAP made no monthly payments while the Government of Canada paid the interest on their loans. The remaining 17,723 borrowers received a level of support which enabled them to reduce their payments to an affordable level.

The number of borrowers benefiting from RAP Stage 2 (4,910) is doubled from the number who received this level of support in 2009-2010. In addition to having their interest payments covered, these borrowers qualified to have part of their principal balance reduced.

Repayment Assistance Plan for Borrowers with a Permanent Disability

The Repayment Assistance Plan for Borrowers with a Permanent Disability (RAP-PD) is available to borrowers with a permanent disability who are having difficulty repaying their student loans. Like RAP, RAP-PD makes it easier for student loan borrowers to manage their debt by paying back what they can reasonably afford. It is also delivered in six-month increments.

Student loan borrowers have to apply for RAP-PD in order to qualify, and eligibility is based on family income, family size, permanent disability, disability-related expenses, and outstanding loan balance. While a permanent disability only needs to be demonstrated once, to qualify for RAP-PD borrowers must reapply for each new assistance period and must continue to meet the other eligibility requirements.

Under RAP-PD:

- Loan payments are based on income, ability to pay and disability accommodation costs (uninsured medical expenses, special care and other expenses).
- Borrowers will not make payments exceeding 20% of their gross family income.
- The Government of Canada will cover both interest payments and the principal of the loan not met by the borrower's affordable payment.
- In certain cases, borrowers may not have to make any loan payments until their income increases.
- Borrowers with a permanent disability should not have a repayment period that exceeds ten years after leaving school.

As indicated in the previous table, in its second year of being offered (2010-11), RAP-PD supported 7,148 borrowers with permanent disabilities. In addition to having their interest payments covered, these borrowers had part of their principal balance reduced.

Severe Permanent Disability Benefit

In very particular cases, some borrowers with a severe permanent disability may be eligible for loan cancellation. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers who have a severe permanent disability and are experiencing financial difficulty in meeting their repayment obligations. In 2010-2011, 298 borrowers had $3.9 million worth of Canada Student Loans forgiven.

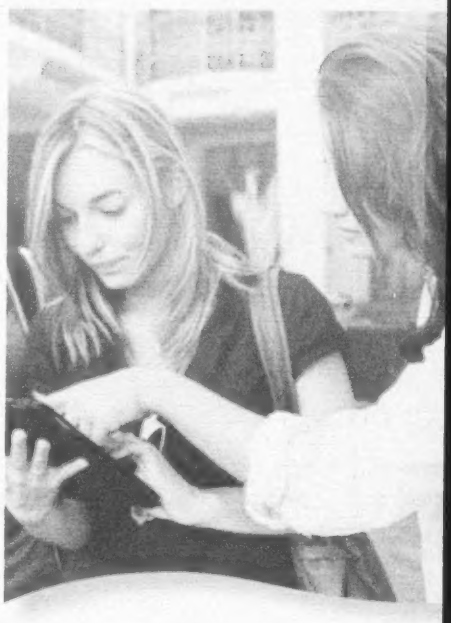
Modernizing Service Delivery

The CSLP is working to streamline and modernize the Program, reflecting a Budget 2008 commitment to improve service for students. In collaboration with provincial/territorial partners, the CSLP is working towards implementation of a service delivery vision, aimed at providing students with simple, easy-to-manage access to financial assistance. Measures include improved online services, simplified application and repayment processes, and improved communication with students.

Measuring Program Performance

The Canada Student Loans Program (CSLP) is a statutory program offering loans, grants, and repayment assistance measures to post-secondary students. The CSLP is responsible for ensuring that these measures effectively assist Canadian students, and that taxpayers' investment in the Program is properly managed. The CSLP regularly measures and reports on:

- client satisfaction;
- awareness of student financial assistance;
- portfolio performance;
- program integrity; and
- program evaluation.



Client satisfaction

The Client Satisfaction Survey is used to assess borrowers' satisfaction with the services related to their Canada Student Loan, including services provided by the CSLP directly, and those provided by the National Student Loans Service Centre (NSLSC).

- In 2010-2011, 79% of borrowers surveyed said they were satisfied with the overall quality of the CSLP's services, up slightly from 78% in 2009-2010.

- Satisfaction levels have remained essentially unchanged since 2008 as some 77% of borrowers surveyed said that they are satisfied with the quality of service provided by the NSLSC. As client satisfaction is an important objective for the CSLP, the contract with the service provider that operates the NSLSC is performance-based and contains an incentive for increasing borrower satisfaction. For detailed findings on satisfaction with the NSLSC, see **Appendix B**.

Awareness of student financial assistance

The CSLP strives to ensure that borrowers are aware of the details of their loans and the specific options available to them when they begin repayment. In 2010-2011, 90% of borrowers surveyed found their repayment options to be clear.[8]

Portfolio performance

The CSLP constantly monitors the Canada Student Loan portfolio to ensure that loans are being repaid, and not entering default. The three-year cohort default rate has decreased significantly from 28% in 2003-2004, to 13.8% (preliminary) in 2009-2010.

[8] Phoenix Strategic Perspectives Inc, *Client Satisfaction Survey, March 2011*.

The CSLP works with its service provider to improve services to borrowers to help them avoid default through:

- Early outreach informing borrowers of their repayment requirements and assistance options available.
- Communications campaigns targeted to borrowers who withdraw from studies early.
- Piloting online counselling sessions for borrowers when they take a loan and when they enter repayment to reinforce repayment obligations.

Furthermore, the service provider's performance-based contract provides an incentive for default reduction, allowing the service provider to earn additional payments if it meets certain targets related to the default rate. Among other actions, the service provider will contact borrowers who are statistically more likely to default to offer them loan counselling before their first scheduled payment.

Program integrity

The CSLP strives to safeguard the integrity of the Program and protect the investments made by borrowers in their post-secondary education. Safeguarding integrity means ensuring that all aspects of the Program are operating within the legal framework of the *Canada Student Financial Assistance Act* and the *Canada Student Loans Act*.

The CSLP has in place a number of policies and activities designed to ensure the program's integrity and to enhance governance and accountability:

- The Designation Policy Framework establishes pan-Canadian criteria for designation – the process whereby post-secondary educational institutions are deemed eligible for student financial assistance programs (i.e., students can apply for student financial assistance if they are attending a designated school). The Framework ensures that federal and provincial/territorial student financial assistance portfolios operate within the principles and practices of reasonable financial stewardship. As a part of this Framework, the CSLP calculates and tracks the repayment rates of Canada Student Loans. In 2011[9] the rate was 84%. This rate has remained relatively stable over the past number of years.

- Additional new measures to support the CSLP in improving the accountability and integrity of the Program, introduced through legislative amendments in Budget 2009, were implemented in 2010-2011. These measures allow for restrictions to be applied to individuals who misrepresent themselves in order to obtain student financial assistance. Such individuals may be restricted from receiving student financial assistance for a specified period and be required to immediately repay any money obtained as a result of false information. If warranted, further action may be undertaken such as civil litigation, criminal investigation, or collection activity.

- In 2010-2011, the CSLP undertook investigations of 46 cases of alleged misrepresentation involving $779,000 of disbursed Canada Student Loans, of which 32 cases were confirmed as abuse, involving $361,000 in student financial assistance.

- Under Budget 2009, the *Canada Student Financial Assistance Act* was also amended to require the Office of the Chief Actuary to conduct a statutory actuarial review of the CSLP at least once every three years. An Actuarial Report is available on the website of the Office of the Superintendent of Financial Institutions.

Program evaluation

A five-year evaluation of the CSLP was completed in 2011. This summative evaluation, which began in 2006-2007, focused on whether the Program was meeting its objectives and potential areas for improvement.

[9] 2011 repayment rate data (taken as of July 31, 2011) are based on the repayment performance of loans consolidated between August 1, 2009 and July 31, 2010.

Overall, the evaluation found that the rationale for the CSLP was valid and that there continues to be a clear need for the financial assistance it provides to students. The evaluation further concluded that the Program was achieving its objectives by reducing financial barriers, improving access to PSE, and addressing the financial needs of students by increasing loan limits and developing policies to support them in repayment.

At the same time, the evaluation noted that there is room for improvement and proposed recommendations pertaining to specific components of the program, including the needs assessment process, part-time loans, and borrower awareness of loan obligations and support measures.

Since this evaluation period, there have been a number of significant initiatives announced by the Government of Canada to enhance student financial assistance in these areas.

The summary of the results of the evaluation and the management response are posted on-line on HRSDC's website: http://www.hrsdc.gc.ca/eng/publications_resources/evaluation.

A supplementary evaluation plan has been developed to measure the effectiveness of Program enhancements announced in Budget 2008. This plan will focus significantly on evaluating the impact of the Canada Student Grants on access to post-secondary education.

Appendix A – Other Government Funding

Government funding

Although the Canada Student Loans Program (CSLP) is the largest program offering student financial assistance to Canadians, other funding sources exist at the federal, provincial and territorial levels.

Measures offered by the Department of Human Resources and Skills Development include the following:

- The Canada Education Savings Grant encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of Registered Education Savings Plans (RESPs).

- The Canada Learning Bond provides a grant to low-income families to begin an RESP and encourages parents to save for their children's post-secondary education.

- Individuals who receive Employment Insurance benefits can be eligible for courses, training programs or other support to make it easier for them to return to the labour market, while still receiving income support during that period. This service is either co-managed with the provinces and territories, or provided by the provinces and territories through federal transfer payments.

- Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

The Canada Millennium Scholarship Foundation (CMSF)

- The CMSF was established in 1999 with an endowment of $2.5 billion and a 10-year mandate to promote access to post-secondary education. The CMSF provided non-repayable bursaries and excellence awards to eligible students. In Budget 2008, it was announced that the CMSF would close at the end of the 2008-2009 loan year and that measures would be taken to ensure that students would not be impacted negatively by the CMSF's closure.

- One of these measures is the Transition Grants provided by the CSLP. In 2010-2011, nearly 16,000 Transition Grants were disbursed to former recipients of the Canada Millennium Scholarship Foundation bursaries to ensure they continue to receive the same level of assistance after the sunset of the CMSF. The CSLP will continue to disburse these grants until 2013.

- In addition to the Transition Grants, the CSLP is also continuing to support Millennium Excellence Awards recipients. In 2010-2011, more than 1,100 Millennium Excellence Awards worth over $6.5 million were provided. The CSLP will continue to distribute Millennium Excellence Awards until 2013.

Other federal programs and initiatives related to post-secondary education include the following:

- The Canada Social Transfer is a federal transfer of funds to provinces and territories in support of post-secondary education, social assistance and social services.

- Aboriginal Affairs and Northern Development Canada assists First Nation and Inuit students with the costs of tuition, books and travel, and provides living allowances through the Post-Secondary Student Support Program and the University College Entrance Preparation Program. Post-secondary institutions also receive support through the Indian Studies Support Program to develop and deliver special programs for Aboriginal people.

- Tax relief is available to all individuals with federal and provincial or territorial loans through a federal tax credit on the annual interest paid on their student loans.

- The tuition tax credit provides tax relief for students' expenditures toward tuition fees.

- The education tax credit provides up to $400 per month for full-time students and $120 per month for part-time students to help offset education expenses.

- The textbook tax credit recognizes the rising cost of educational materials. This credit is $65 per month for full-time post-secondary students and $20 per month for part-time students.

- The Official Languages Support Program helps provinces and territories fund minority-language education and second-language instruction.

- Industry Canada offers scholarships and fellowships under the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada.

Provincial/territorial and other funding include the following:

- Provincial and territorial governments offer loans, grants, scholarships, tax credits and repayment assistance measures.

- Students may also apply for scholarships and bursaries from their educational institutions, financial institutions and community groups.

Appendix B – Client Satisfaction with the National Student Loans Service Centre (NSLSC)

Satisfaction ratings of the NSLSC – % satisfied			
Survey Question	**2008-2009**	**2009-2010**	**2010-2011**
The amount of time you had to wait to speak with a customer service representative	51	57	59
The competence of staff	74	82	86
The courteousness of staff	79	89	88
The extent to which the service was provided in a fair manner	79	87	86
The extent to which you were informed about the NSLSC	71	75	77
Your ease of access to the service	67	75	74
Your access to service in the official language of your choice, either English or French	95	97	97
In the end, you got what you needed from the staff	80	87	90
Overall level of satisfaction (with the quality of service received from the NSLSC)	76	77	77

Source: Canada Student Loans Program Client Satisfaction Survey.

Borrowers' views on the quality of service they received with regard to their federal or provincial student loan over the past two years: % in agreement*			
Answer	**2008-2009**	**2009-2010**	**2010-2011**
Improved	12	10	9
Worsened	6	2	4
Stayed more or less the same	72	82	79

Source: Canada Student Loans Program Client Satisfaction Survey.

* Numbers do not add to 100% because respondents could pick "Don't Know or N/A."

Glossary

See CanLearn.ca for a more thorough glossary of terms related to the Canada Student Loans Program (CSLP) and student financial assistance.

Canada Student Grants:

On August 1, 2009, Canada Student Grants replaced the existing Canada Access Grants, Canada Study Grants, and grants offered by the Canada Millennium Scholarship Foundation. The following types of grants are available:

- Grants for Students from Low-income Families: $250 per month, to a maximum of $3,000 per year for full-time students in a multi-year program;
- Grants for Students from Middle-income Families: $100 per month, to a maximum of $1,200 per year for full-time students in a multi-year program;
- Grants for Students with Dependants: For full-time students, $200 per month of study, per child under 12 years of age, or a dependant with a permanent disability who is 12 or over. For part-time students with up to two children under 12 years of age, $40 per week of study. For part-time students with three or more children under 12 years of age, $60 per week of study.
- Grants for Part-time Studies: For students from low-income families, up to $1,200 per school year, depending on assessed need.
- Grants for Students with Permanent Disabilities: $2,000 per loan year for full-time or part-time students with permanent disabilities.
- Grants for Services and Equipment for Students with Permanent Disabilities: Up to $8,000 per loan year to cover exceptional education-related costs such as tutors, note-takers, sign interpreters, braillers, or technical aids.

Consolidation:

Borrowers consolidate their student loan(s) six months after completing their post-secondary studies (or ending full-time studies). Repayment begins once they have consolidated their loans.

Default:

A Canada Student Loan, issued under the direct loans regime, enters into default once a borrower has missed payments for 270 days. Loans issued under the guaranteed and risk-shared loan regimes enter into default when payments are in arrears for 90 days or more.

Default rate:	The CSLP measures default using the "three-year cohort default rate." This rate shows the proportion of loan dollars that enter repayment in a given loan year (cohort) and default within three years. For example, the 2008-2009 default rate represents the proportion of loans that entered repayment in 2008-2009 and defaulted before August 1, 2011.
Designated:	A designated post-secondary educational institution meets provincial and federal eligibility criteria, and students attending these schools can apply for government-sponsored student financial assistance, such as Canada Student Loans.
Direct loans:	As of August 2000, the federal government issues Canada Student Loans under the direct loans regime. Loans are directly financed by the Government and a third-party service provider administers the loan process.
Full-time:	A full-time student is a student enrolled in at least 60% of a full course load (or 40% for students with permanent disabilities), in a program of study of at least 12 consecutive weeks at a designated post-secondary educational institution.
Guaranteed loans:	Between 1964 and 1995, Canada Student Loans were provided by financial institutions (such as banks) under the guaranteed loans regime. If a student defaulted on a guaranteed loan, the government paid out the bank and the student's debt was then owed directly to the government.
Integrated province:	In integrated provinces, federal and provincial loans are combined so borrowers receive and pay back one federal-provincial integrated loan. The federal and provincial governments work together to make applying, managing and repaying loans easier. As of July 31, 2011, the CSLP has integration agreements with Ontario, New Brunswick, Newfoundland and Labrador, Saskatchewan, and British Columbia.
In-study:	The status of borrowers who are still attending full-time or part-time studies at a post-secondary institution or who have finished school less than six months ago.
In-Study Interest Subsidy:	The Government of Canada covers the interest on Canada Student Loans while borrowers are in school (i.e. borrowers who have in-study status).
Loan year:	August 1 to July 31.

Millennium Excellence Awards:	Merit scholarship for academic excellence, innovative leadership and community service, awarded by the Canada Millennium Scholarship Foundation (CMSF). Since the closure of the CMSF, the CSLP administers these awards until 2013.
National Student Loans Service Centre (NSLSC):	The main point of contact for borrowers in managing their loans, from loan disbursement to repayment and repayment assistance. The NSLSC is a third-party Service Provider which manages all Canada Student Loans issued on or after August 1, 2000, as well as integrated student loans for New Brunswick and Newfoundland and Labrador, issued on or after August 1, 2000. It also manages all integrated student loans for Ontario and Saskatchewan issued on or after August 1, 2001 and for British Columbia as of August 1, 2011.
Part-time:	A part-time student is a student taking between 20% and 59% of a full course load (or 20% to 39% of a full course load for a student with a permanent disability. Students with permanent disabilities taking between 40% and 59% of a full-time course load can elect to be in full-time or part-time studies).
Participating provinces/ territories:	The provinces and territories that choose to deliver financial assistance to students within the framework of the CSLP. As of July 31, 2011, they included Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Yukon.
Province/territory of residence:	A student's province or territory of residence is the province or territory where they have most recently lived for at least 12 consecutive months (not including time spent in a province or territory as a full-time student at a post-secondary institution). For example, an individual from Alberta studying in Ontario would be considered an Alberta student.
Post-secondary education:	Levels of education following secondary school (high school). This includes all designated public or private post-secondary institutions.
Repayment:	The status of borrowers who have begun repaying their Canada Student Loans. Repayment begins six months following the end of studies.

Repayment Assistance Plan (RAP):	On August 1, 2009, RAP replaced CSLP's previous debt management programs (Interest Relief and Debt Reduction in Repayment). RAP is a temporary repayment assistance measure where a borrower repays an affordable monthly amount based on family income and family size. RAP also ensures that the repayment period will not exceed 15 years (or 10 years for a borrower with a permanent disability). Under RAP: • Eligible borrowers receive assistance for six months, and can reapply as long as they are eligible. • Loan payments are based on the borrower's family income, family size and outstanding loan balance.
Repayment rate:	The repayment rate is the percentage of the total principal amount of Canada Student Loans consolidated in a given loan year that is repaid or in good standing at the end of the subsequent loan year.
Revision of terms:	A means of allowing borrowers to manage their loan repayment in a way that is responsive to their situation. It can be used to decrease monthly payments (extending the loan term to a maximum of 14.5 years), or it can be used to increase loan payments to allow the borrower to pay off the loan sooner.
Risk-shared loans:	Between 1995 and 2000, Canada Student Loans were provided by financial institutions (such as banks) under the risk-shared loans regime. Under this regime, financial institutions assumed responsibility for a portion of the possible risk of defaulted loans in return for a payment from the Government.
Severe Permanent Disability Benefit:	In certain cases, some borrowers may be eligible for loan cancellation. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers whose permanent disability prevents them from studying at a post-secondary level and taking part in the labour force and is expected to remain with them for life.
Transition grants:	This grant, which will operate until 2013, replaces the Millennium bursary following the wind-down of the Canada Millennium Scholarship Foundation in 2009. It will ensure that 2008-2009 Millennium bursary recipients will continue to receive at least the same level of grant funding for the remainder of their current post-secondary education program.